

ANNUAL EVALUATION OF CENTURYLINK'S PROMOTIONAL PROGRAM

The CenturyLink Adoption Program, branded *Internet Basics*, was launched in October 2011. CenturyLink has now completed its second full year with the program, which has evolved to a targeted program that has incorporated and benefitted from the lessons learned throughout the life of the program.

CenturyLink's earlier semi-annual reports described the variety of tactics used to meet the Adoption Program's objectives of customer education, promotion and customer training regarding the availability and uses of broadband. These tactics have included direct mail campaigns, newspaper advertisements, press releases, distribution of flyers, training classes, close collaboration with local partner organizations, and promotion through CenturyLink's website. This report describes the tactics that have been employed over the past six months. As required in the *Merger Order*, this report also evaluates the effectiveness of the Adoption Program, in consultation with an independent researcher, VisionTech360 Inc., and identifies ways that the program might be modified in the future to improve its effectiveness.

As now implemented, CenturyLink's Adoption Program employs a targeted focus on promoting an Internet program that reaches a broad section of consumers across its service area. During the life of the program, CenturyLink has contacted over 1,100 local community organizations to hold events or distribute educational materials regarding the benefits of broadband service; engaged in extensive promotion of the program through advertisements, press releases, and flyers, utilized a robust direct mail campaign, provided extensive telemarketing and website information; and held 123 in-person customer training sessions in 36 states, with more than 2,500 participants. As a result of the program, more than 40,500 low-income customers have subscribed to CenturyLink's discounted broadband service,¹ and more than 2,200 have been able to purchase discounted computer equipment.

As anticipated in the *Merger Order*, CenturyLink's Adoption Program incorporates an iterative process. CenturyLink is continually evaluating the effectiveness of particular activities, modifying tactics to improve their effectiveness and developing new approaches to education, promotion, and training. Through its consultation with VisionTech360 Inc., CenturyLink is exploring additional modifications and initiatives to build on the success of the program and bring the benefits of broadband to more consumers.

I. Outreach to Local Community Organizations

Commitment: CenturyLink will coordinate with at least 200 local community groups, such as Boys & Girls Clubs and senior centers, as well as schools, libraries, and other state and local institutions, especially those that support qualifying customers, tribal partners, and non-profit institutions, to develop and distribute educational materials that describe the uses and benefits of broadband capability.

¹ As of September 30, 2013, 13,161 Internet Basics subscribers had discontinued their discounted broadband service, resulting in 27,423 Internet Basics subscribers at the end of the second year of the Program.

Tactics: Although CenturyLink has exceeded this commitment by a multiple of more than 500% during the first two years of the program, Internet Basics continues to be integrated into CenturyLink's local operating model through its regional operations teams. The local operations teams offer educational and promotional programs on Internet Basics at community levels in both rural and urban markets. As part of that comprehensive process, CenturyLink uses a variety of approaches with local and community-based external partner organizations to promote the Internet Basics Program to a wide variety of diverse demographic groups. In total, CenturyLink has worked with more than 1,100 individual organizations, providing speakers and informational materials explaining the value of broadband capability and the availability of discounted broadband service and computer equipment through CenturyLink.

CenturyLink has continued to improve its informational and promotion-based "toolbox" to increase and target outreach efforts to low-income schools and other community organizations within the CenturyLink service footprint.² The toolbox includes flyers, posters, banners and letters for school and program administrators to use within the school systems or community organization. As one example, this material was revised to reflect the many ways the use of the Internet and computer can empower people economically, socially, educationally, culturally and physically. The goal was to bring education and awareness that the Internet is no longer a luxury, but rather a necessity in every household to consumers through the use of many local voices within their communities, schools, and social service organizations.

Additional information regarding the community organizations that CenturyLink has contacted is included in Attachment C.

Evaluation of Effectiveness/Lessons Learned: As discussed in the VisionTech360 report, the lack of perceived relevance of broadband continues to be the number one barrier to broadband adoption across all of CenturyLink's business regions.³ The education provided through CenturyLink's outreach to local community organizations directly addresses this barrier to adoption.

CenturyLink's work with more than 1,100 local community organizations during the Internet Basics Program has enabled wide dissemination of educational materials describing the uses and benefits of broadband capability. VisionTech360 also found that the interaction of CenturyLink's Market Development Managers ("MDMs") with these organizations has significantly increased sales of discounted broadband services to qualifying low-income customers. Partner organizations play an important role in providing local context for outreach and engagement.⁴ The MDMs who are most effective in promoting these aspects of the program are those who have previously developed relationships with relevant local

² See Exhibit 1.

³ VisionTech360 Report at 9 (Attachment B).

⁴ *Id.* at 13-14.

organizations. For example, earlier this year, CenturyLink partnered with the local YMCA in Seattle to provide a hot breakfast and training, in their native Russian language, to a group of Ukrainian immigrants. As noted in the attached article, which appeared in an online blog at <http://app.centurytel.com/blog/seattlemetro/2013/04/>, “as soon as [the local CenturyLink Retail Manager] began speaking, the Ukrainians’ faces lit up and they were immediately engaged, raising their hands at certain points throughout the presentation to communicate with her. Afterwards they swarmed Olga’s table wanting her business cards and asking questions about CenturyLink services. The event resulted in four Internet Basics sales, several leads, and an opportunity to partner with the YMCA for another workshop.”⁵

As illustrated above, the MDMs have found that working with local communities in sponsorship activities (sponsoring summer reading programs at libraries, hosting a senior Internet training and computer give-away, providing give-aways at back-to-school events, partnering with local businesses to host a lunch & learn event for parents, etc.) helped to provide the type of goodwill and program awareness needed. The local employee team learned to look for those unique outreach efforts that connected them to communities and to people.

II. Promotional Plan

Commitment: CenturyLink will develop a meaningful promotional plan targeted to publicizing the availability of discounted broadband services and equipment to qualifying customers. CenturyLink will use at least 500 different media outlets (which may include radio and television stations, newspapers and magazines, on-line bulletin boards and web sites, libraries and social service agencies). CenturyLink will spend at least \$1 million per year promoting the Adoption Program throughout the combined territory in each of the first five years following the Merger Closing Date.

Tactics: Again, CenturyLink has exceeded this commitment many times over, promoting the Internet Basics Program through advertisements, press releases, flyer distributions, website updates, direct mailings, and telemarketing campaigns, as well as through the contacts with local community organizations discussed in the previous section of this report.

- **Ads, Press Releases and Flyers** - During the first two years of the program CenturyLink placed 8,925 ads in 3,936 different papers in 36 states. The ads ran twice in each paper, for a total of 17,850 ad placements. The advertisements described both the Internet Basics Program and Lifeline discounts available for voice services. These advertisements continued throughout 2013 in all states where CenturyLink provides local service. CenturyLink also distributed more than 3,028 press releases and 165,000 flyers.
- **Website Updates** - A page dedicated to the CenturyLink Internet Basics offering, <http://www.centurylink.com/home/internetbasics/?rid=internetbasics>, has been continuously available on the company’s website since October 2011. The link has been

⁵ See Exhibit 2.

provided on flyers, direct mailers, door hangers, in classroom materials, and in press releases and media advertisements.

In early summer 2013, CenturyLink reviewed the applications for Internet Basics service that were available on the website. The review incorporated feedback from multiple organizations. Changes were made to the applications to make the process more customer-friendly and straightforward. The applications were consolidated into just two versions, replacing individual applications for each state. Both versions of the application were translated into Spanish, effectively increasing the availability of a Spanish language application from just three states to all states that CenturyLink serves.⁶

- Direct Mail – Effective July 2013, CenturyLink initiated a direct mail campaign utilizing newly redesigned postcards to reach the various demographic groups to whom the program is targeted.⁷ The campaign was directed to approximately 1.3 million existing and potential CenturyLink customers. CenturyLink is currently preparing a bilingual version of the Internet Basics postcard with a November 2013 target date for release and a Spanish version that will be mailed in early 2014 to existing self-identified CenturyLink Spanish language customers.

As of September 30, 2013, CenturyLink had spent \$2,675,741 promoting the Adoption Program.

Evaluation of Effectiveness/Lessons Learned

As noted above, CenturyLink has engaged in a variety of promotional activities. This multi-pronged approach is intended to ensure both a wide dissemination of information about the program through newspapers, the company's website and other media outlets, along with more targeted distribution of information to qualifying customers.

- Ads, Press Releases and Flyers - With ads in nearly 4,000 newspapers and the distribution of over 3,000 press releases and 165,000 flyers, CenturyLink has promoted the program to a broad and diverse audience of potential adopters.

Several months ago, CenturyLink's communications team requested a collateral refresh of CenturyLink's Internet Basics materials to include a more 'humanized' look and feel as opposed to just another service offering focused on the price point. The MDMs were surveyed to get their input on which tactics from the Toolbox were used most frequently when promoting the Internet Basics Program in the field. That list was narrowed to the most common tactics, and the collateral refresh efforts were focused accordingly.

In addition to a new "general" campaign for the CIB program, CenturyLink has created several "sub-campaigns" to accommodate the various demographic groups to whom the program is targeted. Those groups include seniors, Latinos/Hispanics, Asians, African-

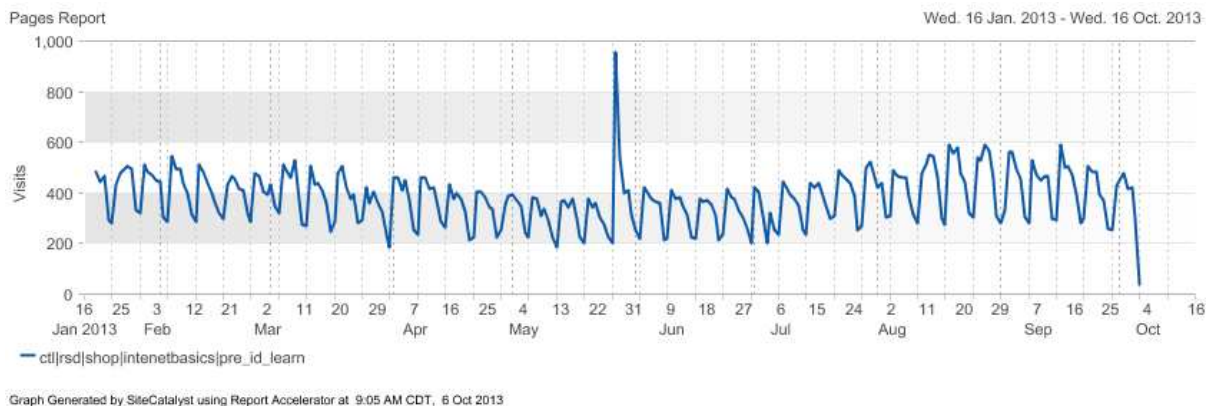
⁶ See Exhibits 3 and 4.

⁷ See Exhibit 5.

Americans, American Indians and Caucasians.

This new creative refresh was also applied to the “Back to School” campaign tactics so that it also includes the new look and feel of the program. For example, as noted in the VisionTech360 report, the “collateral content was changed to reflect the many ways the use of the Internet and computer can empower economically, socially, educationally, culturally and physically.”⁸

- **Website Updates** - CenturyLink also has made various modifications to improve its web-based outreach. After the Internet Basics website page was launched in October 2011, changes were made in late 2011 and in February 2012, to make it easier for qualifying customers to find information on the Internet Basics Program from CenturyLink’s home page or from the residential High Speed Internet product page. Through September 2013, CenturyLink continues to see consistent interest in the website as measured by the number of hits on the webpage.



- **Direct Mail** – As noted in the VisionTech360 report, even with the extensive resource commitment and strategic attention to the program by the Company, the overall impact in terms of number of people impacted is modest.

III. Customer Training

Commitment: CenturyLink will make available in-person training demonstrations at local anchor institutions, and develop and distribute materials such as DVDs with each computer, to assist consumers in basic computer skills, Internet browsing, and acquiring and using broadband services. CenturyLink will spend \$1 million on training over the first two years following the Merger Closing Date, and will conduct 100 in-person training sessions and be responsive to requests for training at locations across the combined territory in the first two-year period.

Tactics: During the first two years of the program, CenturyLink has held 123 training sessions in 36 states. The company used a variety of training approaches to accommodate

⁸ VisionTech360 Report at 10 (Attachment B).

the needs and training resources available in any given market. In some cases, sessions were led by CenturyLink employees; others were led by external partner organizations. Some sessions were advertised to the general public; others were presented to particular organizations.

To determine the effectiveness and relevancy of the training, attendees were asked to complete an optional brief survey. The survey included questions relating to experience with the Internet, demographics, and the attendee's opinion of the training. Results of the survey are reflected in Attachment C.

As of September 30, 2013, CenturyLink has spent \$1,017,924 on customer training.

Evaluation of Effectiveness/Lessons Learned: CenturyLink's customer training sessions generally have been well attended. Feedback from attendees suggests that the training has helped them to recognize the value of the Internet, feel more comfortable using a computer and become aware of the discounted broadband service and computer equipment available through CenturyLink.⁹

The curriculum for CenturyLink's training sessions includes information demonstrating the relevance of broadband, as well as how to use a computer and access the Internet. As noted by VisionTech360, the independent researcher, a one-size fits all approach is not effective.¹⁰

CenturyLink's experience with customer training indicates that the customers' needs can vary greatly by market and age demographic. For example, a well-attended training session in Seattle for senior Chinese-speaking participants required the teaching of very basic computer skills and Internet usage. However, in other training sessions, some English-speaking seniors requested more advanced training beyond the basics.

⁹ Attachment C.

¹⁰ VisionTech360 Report at 9-11 (Attachment B).